

AMENDED IN SENATE MAY 19, 2008

AMENDED IN SENATE MAY 7, 2008

AMENDED IN SENATE APRIL 8, 2008

AMENDED IN SENATE APRIL 2, 2008

## SENATE BILL

**No. 1226**

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**Introduced by Senator Alquist  
(Coauthors: Senators Oropeza and Torlakson)**

February 14, 2008

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An act to amend Sections 50650.3, ~~50560.4, and 53545~~ and 50650.4 of the Health and Safety Code, relating to housing.

### LEGISLATIVE COUNSEL'S DIGEST

SB 1226, as amended, Alquist. CalHome Program: ~~Housing and Emergency Shelter Trust Fund Act of 2006~~; mobilehome parks.

~~(1) Existing~~

*Existing* law establishes the CalHome Program under the administration of the Department of Housing and Community Development and authorizes funds appropriated for purposes of the program to be used to enable low-income and very low income households to become or remain homeowners.

This bill would authorize program funds to be used for the improvement of infrastructure related to mobilehome parks by local public agencies in joint application with a mobilehome park owner, subject to certain requirements.

~~(2) The Housing and Emergency Shelter Trust Fund Act of 2006 authorizes the issuance of bonds in the amount of \$2,850,000,000 pursuant to the State General Obligation Bond Law. Proceeds from the sale of these bonds are required to be used to finance various existing~~

~~housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, and housing-related parks. The act establishes the Housing and Emergency Shelter Trust Fund of 2006 in the State Treasury, requires the sum of \$1,500,000,000 to be deposited in the Affordable Housing Account, which the act establishes in the fund, and requires the amount of \$300,000,000 to be transferred from the account to the Self-Help Housing Fund, to be available to the department for expenditure pursuant to the CalHome Program and the California Self-Help Housing Program.~~

~~This bill would authorize the department to expend funds made available for the CalHome Program under the bond act to cover costs associated with the rehabilitation or repair of property owned by a mobilehome park owner.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 50650.3 of the Health and Safety Code
- 2 is amended to read:
- 3 50650.3. (a) Funds appropriated for purposes of this chapter
- 4 shall be used to enable low- and very low income households to
- 5 become or remain homeowners. Funds shall be provided by the
- 6 department to local public agencies, local public agencies in joint
- 7 application with a mobilehome park owner, or nonprofit
- 8 corporations for any of the following:
- 9 (1) Grants for programs that assist individual households.
- 10 (2) Loans that assist development projects involving multiple
- 11 homeownership units, including single-family subdivisions.
- 12 (3) Loans *and grants* for infrastructure improvements and repairs
- 13 in mobilehome parks.
- 14 (b) (1) Grant funds may be used for first-time homebuyer
- 15 downpayment assistance, home rehabilitation, homebuyer
- 16 counseling, home acquisition and rehabilitation, or self-help
- 17 mortgage assistance programs, or for technical assistance for
- 18 self-help and shared housing homeownership.
- 19 (2) Loan funds may be used for purchase of real property, site
- 20 development, predevelopment, and construction period expenses
- 21 incurred on homeownership development projects, permanent
- 22 financing for mutual housing or cooperative developments, and

1 the improvement of infrastructure related to mobilehome parks.  
2 Upon completion of construction, the department may convert  
3 project loans into grants for programs of assistance to individual  
4 homeowners. Financial assistance provided to individual  
5 households shall be in the form of deferred payment loans,  
6 repayable upon sale or transfer of the homes, when they cease to  
7 be owner occupied, or upon the loan maturity date.

8 (3) Financial assistance may be provided in the form of a secured  
9 forgivable loan to an individual household to rehabilitate, repair,  
10 or replace manufactured housing located in a mobilehome park  
11 and not permanently affixed to a foundation. The loan shall be due  
12 and payable in 20 years, with 10 percent of the original principle  
13 to be forgiven annually for each additional year beyond the 10th  
14 year that the home is owned and continuously occupied by the  
15 borrower. Not more than 10 percent of the funds available for the  
16 purposes of this chapter in a fiscal year shall be used for financial  
17 assistance in the form of secured forgivable loans.

18 (4) Loan *and grant* funds may also be used for the improvement  
19 of infrastructure for mobilehome parks if the park owner can  
20 demonstrate both financial need and that 50 percent or more of  
21 the mobilehome owners are lower income. Loans *and grants* to  
22 mobilehome park owners for infrastructure shall be allocated based  
23 on the proportional percentage of lower income persons residing  
24 in the mobilehome park who are seeking funding. A recorded  
25 affordability restriction shall ensure that the spaces in the  
26 mobilehome park will be available to, and occupied by, lower  
27 income households for not less than 55 years. Any portion of ~~the~~  
28 *a* loan may be deferred, if necessary to achieve financial feasibility  
29 for the mobilehome park.

30 (c) All loan repayments shall be used for activities allowed  
31 under this section, and shall be governed by a reuse plan approved  
32 by the department. Those reuse plans may provide for loan  
33 servicing by the grant recipient or a third-party local government  
34 agency or nonprofit corporation.

35 SEC. 2. Section 50650.4 of the Health and Safety Code is  
36 amended to read:

37 50650.4. To be eligible to receive a grant or loan, local public  
38 agencies, nonprofit corporations, or local public agencies in joint  
39 application with a mobilehome park owner, shall demonstrate  
40 sufficient organizational stability and capacity to carry out the

1 activity for which they are requesting funds, including, where  
2 applicable, the capacity to manage a portfolio of individual loans  
3 over an extended time period. Capacity may be demonstrated by  
4 substantial successful experience performing similar activities, or  
5 through other means acceptable to the department. In administering  
6 the CalHome Program, the department may permit local agencies  
7 and nonprofit corporations to apply their own underwriting  
8 guidelines when evaluating CalHome rehabilitation loan  
9 applications, following prior review and approval of those  
10 guidelines by the department. The local agency or nonprofit  
11 corporation may not subsequently alter its underwriting guidelines  
12 with respect to the use of CalHome funds without review and  
13 approval by the department. In allocating funds, the department  
14 shall utilize a competitive application process, using weighted  
15 evaluation criteria, including, but not limited to, the extent that the  
16 program or project utilizes volunteer or self-help labor, trains youth  
17 and young adults in construction skills, creates balanced  
18 communities, involves community participation, or whether the  
19 program or project contributes toward community revitalization.  
20 To the extent feasible, the application process shall ensure a  
21 reasonable geographic distribution of funds.

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24 **All matter omitted in this version of the bill**  
25 **appears in the bill as amended in the**  
26 **Senate, May 7, 2008. (JR11)**  
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